

4 FAM 000 FINANCIAL MANAGEMENT POLICY, ORGANIZATION, AND ACCOUNTING PRINCIPLES AND STANDARDS

4 FAM 010 FINANCIAL MANAGEMENT POLICY

4 FAM 011 STATEMENT OF FINANCIAL MANAGEMENT POLICY

(TL:FIN-356; 11-30-95)

It is the policy of the Department to maintain effective financial management systems; conduct a continuous program of improvement of the systems, utilizing efficient methods of operations regarding budgeting, accounting, financial reporting, and auditing; be responsive to management needs at the various levels of the Department; and be responsive to the requirements of both the executive and the legislative branches.

4 FAM 012 IMPLEMENTATION, SCOPE AND RESPONSIBILITY FOR FINANCIAL MANAGEMENT

(TL:FIN-356; 11-30-95)

Implementation procedures of the Department's financial management policy, including the application of its accounting principles and standards are published in 4 FAH-3 , and supplemental instructions which may be issued to meet special circumstances. The execution of these procedures is the primary responsibility of the organizations, staffs, and individuals stated therein.

4 FAM 013 BASIC FINANCIAL MANAGEMENT OBJECTIVES

(TL:FIN-356; 11-30-95)

a. Internal management should employ an integrated financial management system, including the accounting system as an essential element which provides as necessary financial data to fulfill effectively, efficiently, and economically.

(1) Internal management requirements for financial information regarding the day-to-day operations and for planning, programming, budgeting, performance evaluation, and reporting.

(2) External requirements prescribed by:

(a) legislation;

(b) the Office of Management and Budget;

(c) Department of the Treasury; and

(d) other control Agencies.

b. The Department's financial management program provides for:

(1) Alignment of the Department's organization and staff facilities to provide for the most effective conduct of the Department's financial management;

(2) An effective accrual basis accounting system;

(3) A fully integrated financial system to record, track, and reconcile all balance sheet accounts;

(4) Cost-based budgeting practices effectively integrated with the accounts to provide adequate support, as required, for budget requests;

(5) Simplification of appropriation and allotment structures and development of the most effective methods of control of appropriations, funds, obligations, expenditures, and costs;

(6) Consistency of classifications used for planning, programming, budgeting, accounting reporting, and synchronization with the Department's organization structure;

(7) Effective internal management control, including internal auditing;

(8) Integration of accounting and reporting with the requirements of the budget process and the central accounting and reporting to the Department of the Treasury;

(9) Development of accurate and useful Departmental reports on fiscal status, financial results of operations, and cost of performance of assigned functions for internal and external use; and

(10) Education of personnel in effective maintenance and maximum utilization of these management tools to effect economy in Department operations.

4 FAM 014 BASIC AUTHORITIES

(TL:FIN-356; 11-30-95)

The principle statutory requirements which underlie the Department's financial management system are:

(1) The Act of July 27, 1789 (22 U.S.C. 2651), establishes the Department of State as an arm of the executive branch, providing for its organization, functions, and administrative authority;

(2) Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471), requires agencies to maintain adequate inventory control, accountability, and management systems for property under their control;

(3) Budget and Accounting Procedures Act of 1950, as amended (31 U.S.C. 3512), establishes the congressional policy on the purposes and need for an adequate accounting system and financial reporting. This act sets forth the responsibilities of each executive agency, the General Accounting Office, the Office of Management and Budget, and the Treasury Department for the implementation of these policies;

(4) Supplemental Appropriation Act of 1955 (31 U.S.C. 1501), sets forth the criteria that govern the recording, documentation and reporting of financial transactions as obligations;

(5) Foreign Service Act of 1980 (22 U.S.C. 3901) covers special legislation peculiar to the Department affecting fiscal and substantive responsibilities, which in turn affect financial management;

(6) Federal Managers' Financial Integrity Act of 1982, Pub. L. 97-255 (31 U.S.C. 3512) requires that internal accounting and administrative controls of each executive agency shall be established in accordance with standards prescribed by the Comptroller General, and shall provide reasonable assurances that:

(a) obligations and costs are in compliance with applicable law;

(b) funds, property, and assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and

(c) revenue and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets.

(7) Prompt Payment Act of 1982, Pub. L. 97-177 (31 U.S.C. 3901) requires Executive departments and agencies to make payments on time, to pay interest penalties when payments are late, and to take discounts only when payments are made on or before the discount date. These regulations provide for timely payment, better relationships with contractors, improved competition for Government business, and reduced costs to the Government for property and services;

(8) Anti-Deficiency Act, Section 3679, Revised Statutes, as amended (31 U.S.C. 1341, 1514 and 1517), provides that obligations and/or expenditures not exceed amounts appropriated or apportioned, or amounts allotted for administrative control;

(9) Chief Financial Officers Act of 1990, Pub. L. 101-576 (31 U.S.C. 901-903), established Chief Financial Officers (CFOs) with broad authorities over financial management for 23 executive departments and agencies. It requires the preparation and audit of financial statements for revolving funds, trust funds and commercial activities administered by government agencies. CFOs must submit annual reports on the status of financial management within their organizations as well as a five year financial management plan to improve financial policies, personnel and systems;

(10) Cash Management Act of 1990, Pub. L. 101-453 (31 U.S.C. 6501-6503) governs reciprocal payments between Federal and State governments for payments for services, goods and grants. Each agency's payments to other agencies are subject to penalties if not paid within prompt payment deadlines;

(11) Federal Credit Reform Act of 1990, Pub. L. 101-508 (2 U.S.C. 621 and 622) established new requirements for the recording of costs associated with direct loans and loan guarantees provided by government agencies. The Act incorporated the use of present value analysis in determining costs and required separation of funds for direct financing from those for administrative costs to process the loans;

(12) Debt Collection Procedures Act of 1990, Pub. L. 101-647 (28 U.S.C. 3001-3015, 3101-3105) provided the Department of Justice with enhanced debt litigation capability, including standard Federal civil procedures for recovering judgments on debt and obtaining pro-judgment remedies;

(13) National Defense Authorization Act for Fiscal Year 1991, Pub. L. 101-510 (31 U.S.C. 1552, 1553, 1555 and 1557) set new rules for determining the availability of appropriation and fund balances and established the procedures for closing appropriation and fund accounts. Eliminated the “merged year” appropriation account and limited expenditures from appropriation accounts to five years from the date of the original appropriation;

(14) The Government Performance and Results Act of 1993, Pub. L. 103-62 (31 U.S.C. 1115) requires agencies to develop 5-year strategic plans that describe the mission, goals, and objectives of the agency as well as the strategies for accomplishing the plan. Agencies are required to submit performance plans, that are linked to the strategic plan, to Congress for the FY 1999 budget. Agencies will report by March 31, 2000, and each year thereafter, on their progress towards accomplishing the goals in the performance plans; and

(15) The Government Management Reform Act of 1994, Pub. L. 103-356 (108 Stat. 3412-15 (free standing) and 31 U.S.C. 3515) streamlines management controls in agencies’ reporting to Congress through OMB. Title IV, the Federal Financial Management Act of 1994 requires all agencies covered by the CFO Act to prepare annual, agency wide financial statements beginning with FY 1996. It also requires all agencies to pay employees and retirees via Electronic Funds Transfer and allows agencies to develop franchising funds for providing administrative services to other agencies on a fully reimbursable basis.

4 FAM 015 THROUGH 019 UNASSIGNED